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NATIONAL INTELLIGENCE DAILY CABLE

Monday July 11, 1977

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National Intelligence Daily Cable for Monday, 11 July 1977

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The NID Cable is for the purpose of informing senior US officials.

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NORTH KOREA: Troop Withdrawal

25X1 [] North Korea is becoming increasingly critical in its public reaction to the US plan for withdrawing ground forces from the South, although it is still taking care to avoid direct attacks on President Carter. In a "commentator" article carried by the party organ Nodong Sinmunt on Sunday, North Korea responded to Secretary Vance's address to the Asia Society on June 29 by expressing its dissatisfaction with the withdrawal plans. It labeled the planned withdrawal of ground forces only a "superficial and partial" measure that does "not fundamentally change the US imperialists' forceful occupation of South Korea."

25X1 [] The article, the North's most authoritative media message addressed to the US since President Carter took office, also attacked the US intention to continue supporting South Korea. Pyongyang criticized Secretary Vance's proposals for simultaneous admission of the two Koreas to the UN and for the "cross-recognition" formula for improving relations. Any action that would formalize a situation that suggested recognition of the two Koreas is anathema to Pyongyang, and such proposals have been the target of heavy propaganda treatment over the past several months.

25X1 [] The article ignored, and thereby avoided closing the door on, the Secretary's proposals that suggested negotiations to replace the Armistice Agreement of 1953 and multipower talks on stabilizing peace.

25X1 [] While still forgoing its harsher propaganda vocabulary, North Korea's response to the Secretary's speech confirms a trend, evident since early June, of lessening reluctance to criticize US intentions.

25X1 [] On June 21, North Korea began a flurry of criticism of continued US support to Seoul, the partial nature of the planned US troop withdrawal, and the sending of US aircraft and ships to the South. Much of this commentary is apparently linked to the traditional anti-American month that runs from June 25 to July 27.

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[] Among the specific targets of this propaganda are US B-52 training flights over South Korea, US - South Korean joint military exercises held earlier this spring, and the arrival of A-10 ground attack aircraft in the South. In a more general vein, North Korea followed its criticism of Secretary Vance's speech with a commentary on Tuesday noting that recent remarks of Secretary Brown on US treaty commitments mean that the US intends to maintain an aggressive policy in Asia.

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[] Although it is increasing criticism of the US, North Korea is still leaving the door open for possible policy adjustments. North Korean treatment of the troop withdrawal issue, in particular, indicates that President Kim Il-song has not firmed his own position on how to deal with the Carter administration. In two interviews this spring--one with the Japanese *Yomiuri* in April and the second with *Le Monde* in June--Kim has taken the line that it is premature to judge President Carter.

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[] This wait-and-see attitude was evident in the response to Secretary Vance's speech. Pyongyang represented the views presented by the Secretary as his own and made no reference by name to the President.

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[] Kim, in commenting on President Carter, has expressed satisfaction about the "favorable" US attitude toward North Korea and about the President's "pledges" to withdraw US forces and to press the human rights issue in the South.

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[] The North Korean leader, however, has balanced this by voicing misgivings about whether these pledges would be fully met. Kim noted in particular that a four- to five-year timetable for withdrawal would extend beyond President Carter's current term of office. Further, Kim has hinted that some administration officials--Vice President Mondale was mentioned specifically--might attempt to undermine the President's decision.

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[] Where views of the President himself must be addressed, North Korea has turned to the Voice of the Revolutionary Party for Reunification, which Pyongyang asserts operates clandestinely in the South. On June 2, Pyongyang used the radio station to assail the President for his comments on the possible use of tactical nuclear weapons in Korea. []

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ALBANIA-CHINA: Sharpening Conflict

The Albanian attack last week on the basic tenets of Chinese foreign policy is the Albanian regime's most serious public criticism of Peking since the Chinese-Albanian alliance was formed 16 years ago. If Peking should feel compelled to refute publicly the Albanian arguments, the ensuing polemic would delight the Soviets, who have long hoped for a break in Sino-Albanian relations. It might also result in the cutting off of Chinese economic assistance to Albania, which would cause serious economic difficulties for Tirana.

25X1 [] An editorial in the authoritative Albanian party paper last Wednesday severely attacked the theory of the "three worlds," which has been the fundamental principle of Chinese foreign policy since the Cultural Revolution. Without openly naming the Chinese leadership, the article implicitly accused Peking of being soft on the US and supporting the industrialized West. It described Peking's foreign policies as "anti-Marxist" and against the interests of the "proletariat."

25X1 [] Sino-Albanian disagreements have been particularly noticeable since the emergence of the post-Mao leadership in China last year. Tirana has not supported the new Chinese regimes purge of its radical opponents and has challenged China's claim to the leadership of revolutionary Maoist splinter parties worldwide.

25X1 [] By disseminating the full text of the article in English, the Albanians have called international attention to their political and ideological differences with Peking. Once considered China's staunchest ally, Albania now has opened the Chinese to ridicule by the Soviets and to further attacks on Peking's claims of ideological orthodoxy.

25X1 [] The present accentuation of Sino-Albanian differences may have created strains within the Albanian leadership. Party leader Enver Hoxha, even though reportedly in poor health, still appears to retain complete control over the party and security apparatus and in the past has managed to purge all who opposed his policies. As long as he remains in charge, Albania's foreign policies are likely to be both solidly anti-Soviet and anti-US.

25X1 [] Up to now the Chinese leadership has managed to ignore publicly Albania's ideological needling, and China continues to provide economic and military assistance to Albania although on a significantly reduced scale. The latest attack may, however, prompt the Chinese leaders to reconsider their policies toward Tirana.

25X1 [] China may decide to cut off military and economic aid that it had previously contracted to deliver to the Albanians. This should place Tirana in serious economic difficulties and could force the Albanian leaders to find alternative sources

of aid. Albania has made efforts in recent months to increase economic ties with Greece, Turkey, and some other West European countries.

25X1 [] The Soviet Union, which broke with the Albanian leadership 16 years ago, may expect to gain from the growing differences between Tirana and Peking. Moscow has an ax to grind, since Albania's siding with China in the early 1960 damaged Soviet prestige among communist parties.

25X1 [] The Soviets may believe that the sharpening polemic and deteriorating Chinese-Albanian relations could lead to the downfall of Hoxha and the emergence of a new Albanian leadership less opposed to the restoration of ties with Moscow. The Soviets may also hope in the long run to regain access to the strategically located harbor of Vlore, once the only Soviet naval base in the Mediterranean. [] 25X1

POLAND: Economy and Human Rights

25X1 [] *In speeches to the parliament last week, Polish leaders gave a sober presentation of the economic tasks the country faces and indicated that they will continue their moderate approach towards the regime's critics.*

25X1 [] Premier Jaroszewicz' speech reiterated a basic theme presented in his review of the economy in May that Poland has made little headway in alleviating its acute meat shortages. He indicated that during the first half of 1977, market supplies of meat were down 3 percent from the previous year despite curbs on exports and the import of 150,000 tons of meat and lard.

25X1 [] The continuing shortages were attributed to poor grain and fodder harvests over the last three years, the subsequent decline in livestock production, excessive growth in wages, and the continuation of the price freeze on meat and other basic foodstuffs.

25X1 [] The Premier also foresaw no improvement in meat supplies during the third quarter of the year, in spite of the government's success in halting the decline in livestock production on private farms. We expect meat supplies to remain below 1976 levels for the remainder of the year, even with continued imports and reduced exports. Moreover, shortages could even intensify in the fall as the government begins to stockpile meat for the Christmas holidays.

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25X1 [] Although shortages may get worse and consumer tempers may get shorter, widespread unrest is not expected. Sporadic violence, however, may continue to occur in some areas. In the past, such outbreaks were contained by local police and by bringing in extra meat supplies.

25X1 [] Jaroszewicz also defended the regime's proposed price increases of last year as a means to ease the present difficulties over meat shortages. He emphasized that the populace was now suffering the consequences of the price-hike withdrawal. The Premier's strong defense of the price rises continues the regime's efforts to lay the groundwork for elimination of the price freeze on basic foodstuffs next year.

25X1 [] Following this gloomy economic news, party leader Gierek delivered a spirited defense of Poland's record in the human rights field. As usual, he defined human rights in terms of the state's satisfying the material needs of its people rather than in terms of the rights of individuals against the state.

25X1 [] Gierek made no mention of the problem of dissident intellectuals or of "antisocialist activity." He did say that law and order must be observed and the dignity of the citizen respected. This comment is probably directed both at party conservatives who favor harsher tactics against dissidents as well as at the dissidents themselves.

25X1 [] In addition, Gierek repeated earlier themes about the need for widespread public participation in the management of the country. He claimed that "remarkable progress" had been made and cited examples of party effort to bring citizens into the decision-making process. []

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NETHERLANDS: Moluccan Situation

25X1 [] *Tension in the Netherlands between the Dutch and the 40,000 South Moluccans remains high, and further incidents are likely. //Rumors abound of plans for further South Moluccan terrorist actions, ranging from more hijackings to assassination of the royal family.* []

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25X1 [] //In recent weeks, several disorders involving South Moluccan youths have received wide publicity, increasing the public's uneasiness. Private citizens have begun to arm themselves, creating the potential for intercommunal violence.//

25X1 [] //The Dutch probably have good reason to be worried about terrorist plans. Youthful Moluccan extremists reject the relatively moderate policies of the Moluccan "government-in-exile" and enjoy widespread sympathy within the Moluccan community. The terrorists who were killed last month when Dutch marines ended the three-week siege at a train and school were given a hero's burial.//

25X1 [] On June 22 the Justice Ministry announced a crackdown on the South Moluccan uniformed paramilitary groups and vigilante organizations that had been tolerated until then. The government said there would be closer police surveillance of Moluccan areas, more searches for illegal arms, and tighter conspiracy laws.

25X1 [] If these actions are to succeed, however, they will have to be supplemented with programs to integrate the Moluccans into the mainstream of Dutch life, bring them out of their enclaves, and find jobs for their unemployed youth. The Dutch must also persuade the South Moluccans to abandon their effort to re-establish an independent homeland. []

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CHAD: Rebels Gain in Northwest

25X1 [] //The Chadian government is abandoning three of its northernmost military posts that had been threatened by the three-week-old offensive of the Toubou Muslim rebels.//

25X1 [] //The ruling Supreme Military Council decided Friday to order the immediate evacuation of the garrisons at

Zouar, Ounianga-Kebir, and Kirdimi rather than risk their loss piecemeal. Rebel attacks on Zouar increased after they captured Bardai on Tuesday.//

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[] When the fallback is completed, the Muslim rebels will have gained a large portion of northwestern Chad, which will be difficult for the poorly equipped government forces to recover.

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LAOS: Insurgent Activities

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[REDACTED] The insurgents and government forces have frequently clashed since the communist takeover two years ago. These incidents continue to underscore the government's inability to assert its control over the more remote rural regions. The Lao communists remain concerned about the guerrillas' activity, but the insurgents do not pose a serious threat to the government's stability. [REDACTED]

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JAMAICA: Impact of Economic Crisis

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[Redacted] //Only a month after the government lifted the state of emergency, Jamaica is increasingly feeling the impact of its economic crisis. Incipient food shortages have already led to one near riot, labor unrest temporarily shut down the country's only oil refinery, and violence is spiraling in response to growing unemployment.//

25X1 [] Jamaican officials recently reached a tentative agreement with the International Monetary Fund concerning a reported \$35-million loan this year. If approved--as appears likely--this loan will give the government of Prime Minister Manley a psychological boost but will go only part way toward meeting the island's immediate cash needs. Venezuela apparently has also offered up to \$20 million in balance-of-payments support this year.

25X1 [] Kingston has been under pressure from the IMF to cut the level of government spending, modify the exchange rate system, and implement a stringent wage and incomes policy. The Manley government will be hard pressed to satisfy such conditions. The two major labor unions have already begun to press for higher wages to offset increases in the cost of living and rising inflation.

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